



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

<b>Bill #</b>	HB0027	<b>Title:</b>	Establish wireless enhanced 9-1-1 system
<b>Primary Sponsor:</b>	Driscoll, R.	<b>Status:</b>	As Introduced

- |  |  |  |
|--|--|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Include in HB 2    | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget        | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$ 82,222	\$ 79,447	\$ 80,797	\$ 82,177
State Special Revenue	\$ 7,057,229	\$ 7,534,749	\$ 8,044,597	\$ 8,588,961
Federal Special Revenue	\$ 10,823	\$ 10,823	\$ 10,823	\$ 10,823
Other	\$ 93	\$ 93	\$ 93	\$ 93
<b>Revenue:</b>				
General Fund	\$ 274,049	\$ 292,602	\$ 312,411	\$ 333,562
State Special Revenue	\$ 7,053,466	\$ 7,530,986	\$ 8,040,834	\$ 8,585,198
<b>Net Impact-General Fund Balance</b>	<u>\$ 191,827</u>	<u>\$ 213,155</u>	<u>\$ 231,614</u>	<u>\$ 251,385</u>

**Description of Bill:** This legislation would effectively increase the 9-1-1 fee from \$0.50 per subscriber to \$1.00 per subscriber. The additional funds are to be used for enhanced 9-1-1 emergency capacity for wireless telephone service. This bill will create additional revenues and expenditures in both the general fund and state special revenue fund. There is a zero net impact to the state special revenue fund dedicated to 9-1-1 collections, as 100% of those collections will be distributed to the counties or for reimbursement to providers. There will be some impact to total state special revenue, federal and other revenues. There will be additional general fund revenue.

## FISCAL ANALYSIS

### Assumptions:

1. The 9-1-1 surcharge will be applied to all wire line and wireless exchange access services (MCA 10-4-201).
  2. An additional FTE will be used to administer the wireless enhanced 9-1-1 system. The new fees will fund activities that will require additional work at the state level.
  3. Salaries and benefits on 1.00 FTE were calculated using \$19.50 as the starting hourly rate. Per OBPP instructions these expenses are increased by 2.5% in FY 2010 and FY 2011.
  4. Estimated operating expenses in FY 2008 are \$19,775, \$17,000 in FY 2009, FY 2010, and FY 2011. Estimated operating expenses include \$2,500 for rent; \$7,500 for travel; \$1,300 for communications; \$500 for supplies; services, including desktop, of \$2,700; \$1,500 for computer purchase; and other expense of \$2,500 in FY 2008. With the exception of computer, these expenses are assumed to continue at the same level in FY 2009 through FY 2011. The higher than typical operating expenses are due to monitoring and development of these wireless plans. The plan development will require travel both to jurisdictions and wireless providers. There is also travel required to monitor plans to ensure they are progressing as stated and that funds are being spent in accord with approved plans, both by the jurisdictions and the providers.
  5. The bill doubles the 9-1-1 fees, from a total of \$0.50 to \$1.00. Revenues are therefore based on FY 2006 9-1-1 fee collections which are assumed to increase at the average annual growth rate in 9-1-1 fee collections from FY 2001 to FY 2006, or 6.77%, a year. Total 9-1-1 fees as reported by SABHRS at fiscal year end for FY 2006 were \$6,427,739. Total additional 9-1-1 fee revenues under the proposed bill would be \$7,327,515 in FY 2008 ( $\$6,427,739 \times 1.067 = \$6,862,897$  in FY 2007, then  $\$6,862,897 \times 1.067 = \$7,327,515$  in FY 2008), \$7,823,588 in FY 2009 ( $\$7,327,515 \times 1.067$ ), \$8,353,245 in FY 2010 ( $\$7,823,588 \times 1.067$ ), and \$8,918,759 in FY 2011 ( $\$8,353,245 \times 1.067$ ).
  6. Of the additional \$0.50 collected, 3.74% will be deposited into the general fund. The general fund deposit will be \$274,049 in FY 2008 ( $\$7,327,515 \times .0374$ ), \$292,602 in FY 2009 ( $\$7,823,588 \times .0374$ ), \$312,411 in FY 2010 ( $\$8,353,245 \times .0374$ ), and \$333,562 ( $\$8,918,759 \times .0374$ ) in FY 2011.
  7. Of the additional revenue collected 96.26% will be distributed equally to two 9-1-1 sub accounts for distribution under current statute. One sub account funds go to 9-1-1 jurisdictions and other sub account revenue will go to fund allowable costs for wireless providers as defined in MCA 10-4-101.
  8. There will be some impact on state costs for telephone service. A 2005 Legislative Auditor report on state use of cellular devices states that 3,871 cellular phones are used by state agencies (including the university system). The \$0.50 fee increase adds \$23,226 ( $3,871 \times \$0.50 \times 12$ ) to these phone costs. The additional cost of \$23,226 is assumed to remain constant over the period from FY 2008 through FY 2011. The additional \$23,226 in cost is split by fund based on the following percentages: 36.8% for general fund; 16.2% to state special fund; 46.6% to federal funds; and 0.4% to other (source for percentages is the LFD publication found at [http://leg.mt.gov/content/publications/fiscal/ba\\_2007/lfd\\_a/agency\\_roadmap.pdf](http://leg.mt.gov/content/publications/fiscal/ba_2007/lfd_a/agency_roadmap.pdf)).
- |               | <u>Percent</u> | <u>Cost</u> |
|---------------|----------------|-------------|
| General fund  | 36.8 %         | \$8,547     |
| State special | 16.2           | \$3,763     |
| Federal       | 46.6           | \$10,823    |
| Other         | <u>0.4</u>     | <u>\$93</u> |
| Total         | 100%           | \$23,226    |
9. There may be some offsetting benefit to certain state agency operations, as noted by MDT. In cases where a 9-1-1 dispatcher requires MDT assistance, the 9-1-1 dispatch will be able to provide more accurate location information enabling MDT to dispatch the closest resources.

	<b><u>FY 2008 Difference</u></b>	<b><u>FY 2009 Difference</u></b>	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b>FTE</b>	1.00	1.00	1.00	1.00
<b><u>Expenditures:</u></b>				
Personal Services	\$ 53,900	\$ 53,900	\$ 55,250	\$ 56,630
Operating Expenses	\$ 19,775	\$ 17,000	\$ 17,000	\$ 17,000
State Telephone services	\$ 23,226	\$ 23,226	\$ 23,226	\$ 23,226
To Counties	\$ 7,053,466	\$ 7,530,986	\$ 8,040,834	\$ 8,585,198
<b>TOTAL Expenditures</b>	<b>\$ 7,150,367</b>	<b>\$ 7,625,112</b>	<b>\$ 8,136,310</b>	<b>\$ 8,682,054</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$ 82,222	\$ 79,447	\$ 80,797	\$ 82,177
State Special Revenue (02)	\$ 7,057,229	\$ 7,534,749	\$ 8,044,597	\$ 8,588,961
Federal Revenue (03)	\$ 10,823	\$ 10,823	\$ 10,823	\$ 10,823
Other	\$ 93	\$ 93	\$ 93	\$ 93
<b>TOTAL Funding of Exp.</b>	<b>\$ 7,139,451</b>	<b>\$ 7,614,196</b>	<b>\$ 8,125,394</b>	<b>\$ 8,671,138</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$ 274,049	\$ 292,602	\$ 312,411	\$ 333,562
State Special Revenue (02)	\$ 7,053,466	\$ 7,530,986	\$ 8,040,834	\$ 8,585,198
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$ 191,827	\$ 213,155	\$ 231,614	\$ 251,385
State Special Revenue (02)	\$ (3,763)	\$ (3,763)	\$ (3,763)	\$ (3,763)
<b><u>Effect on County or Other Local Revenues or Expenditures:</u></b>				
1. This funding will provide additional revenue for Public Safety Answering Points (PSAPs) that deploy Wireless Enhanced 9-1-1 in their county additional revenues to cover the costs of deployment. These costs would otherwise impact the county general fund budget.				
2. This will provide for cost recovery of wireless providers cost to deliver location information to PSAP's. This funding is consistent with current statute for wire line carriers (MCA 10-4-302).				
<b><u>Technical Notes:</u></b>				
1. This bill conflicts with HB 33. The language in HB 33 redirects the 3.74% deposited into the general fund to the state special revenue fund.				

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Sponsor's Initials\_\_\_\_\_  
Date\_\_\_\_\_  
Budget Director's Initials\_\_\_\_\_  
Date